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cc: Tom

State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

January 12, 2012

Eric K. York
General Manager
Intrepid Potash – Moab, LLC
P.O. Box 1208
Moab, UT 84532

Dear Mr. York:

Subject: UIC Permit No. UTU-19AP-1C3C2E8
Notification of Intent to Drill Coreholes 38C and 39C, and Pilot Hole and Well 37H
DWQ Approval

Coreholes 38C and 39C

On December 22, 2011 the Division of Water Quality (DWQ) received the Notice of Intent to Drill Corehole 38C (dated December 5, 2011) and Corehole 39C (dated December 15, 2011). After completion of the coring operation, the holes will be plugged and abandoned in accordance with the approved plugging and abandonment plans.

Based on our review Coreholes 38C and 39C are hereby approved.

Well 37H

On March 29, 2011, Intrepid Potash applied for a permit to drill well 37H which was subsequently approved by DWQ. This well has not been drilled and the drilling plan has been revised.

On December 7, 201, DWQ received a new Notice of Intent to Drill a New Injection Well (Well 37H, Revised Location, dated December 5, 2011). This new notice has a different location and slightly different well construction. The well did not include an intermediate casing string and annulus that would be used to demonstrate integrity by pressurizing during a Mechanical Integrity Test (MIT). The intention was to plug and abandon this well upon completion of the laterals into the laterals associated with well 29H.

In a letter dated January 11, 2012, there were a few additional changes to well 37H. The well will first be drilled as a vertical pilot hole to establish the depth and thickness of the Sylvite 9 formation. After logging the vertical hole, high sulphate resistive Saturated Salt Water (SSW) cement will be pumped in as a cement plug. The top of the cement plug will be approximately 150 feet above the kick off point.

A new well will then be completed by drilling through the cement and at the kick off point directional drilling into Sylvite 9. Once in contact with the Sylvite 9 formation, there may be as many as six laterals off this well that will contact one of the laterals previously drilled during the completion of well 29H. The new proposal (dated January 11, 2012) will include the intermediate casing string and annulus to be able to demonstrate MIT. This well will then be used to inject into the Sylvite 9 formation.

These plans have been reviewed and Well 37H is hereby approved.

If you have any questions about this letter please contact me at (801) 536-4353 or wwcampbell@utah.gov.

Sincerely,

Woodrow W. Campbell

Woodrow Campbell, P.E.
Environmental Engineer
Ground Water Protection Section

WWC/RFH:

cc: David Ariotti, Southeastern Utah District Engineer
Southeastern Utah District Health Department
Tom Munson, UDOGM

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